

Message Text

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70

ACTION ARA-10

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PA-02 PRS-01 USIA-15 /100 W

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P R 221820Z JUL 75

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC PRIORITY 6336

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY SAN SALVADOR

AMEMBASSY LONDON

AMEMBASSY CANBERRA

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QYITO

AMEMBASSY ADDIS ABABA

AMEMBASSY GUATEMALA

AMEMBASSY ACCRA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY PORT OF SPAIN

AMEMBASSY MEXICO CITY

AMEMBASSY MANAGUA

AMEMBASSY YAOUNDE

AMCONSUL LUANDA

AMEMBASSY BANGUI

AMEMBASSY COTONOU

AMEMBASSY LIBREVILLE

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AMEMBASSY ABIDJAN

AMEMBASSY TANANARIVE

AMEMBASSY LOME

AMEMBASSY PANAMA

AMEMBASSY ASUNCION
AMEMBASSY LIMA
AMEMBASSY LISBON
AMEMBASSY KIGALI
AMEMBASSY FREETOWN
AMEMBASSY DAR ES SALAAM
AMEMBASSY CARACAS
AMEMBASSY KINSHASA
AMEMBASSY LAGOS
AMEMBASSY LA PAZ
USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS
AMCONSUL PORTO ALEGRE
AMCONSUL SALVADOR
AMCONSUL RECIFE
AMCONSUL BELEM
AMCONSUL PORT MORESBY

UNCLAS SAO PAULO 1506

REF: SAO PAULO 1482

1. SUMMARY: THE FIRST OFFICIAL STATEWIDE SUMMARIES OF FROST HAVE BEEN ISSUED: A) SAO PAULO - A 9 PERCENT OR CR\$2 BILLION (CR\$8.08 EQUAL \$1) TOTAL CROP LOSS IN 1975 FROM A PREVIOUSLY ESTIMATED CR\$ 22.3 BILLION; 60 TO 70 PERCENT COFFEE CROP LOSS NEXT YEAR AND 5 TO 10 PERCENT SUGAR CANE LOSS; WHEAT LOSSES ARE STILL BEING ASSESSED. B) PARANA - VIRTUALLY NO COFFEE WILL BE HARVESTED NEXT YEAR
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AND ONLY 25 PERCENT TO 33 PERCENT OF A NORMAL HARVEST IN 77/78; MINISTER OF AGRICULTURE PAULINELLI ESTIMATES A 30 PERCENT WHEAT CROP LOSS, WHILE TRADE SOQRCE SAYS BETWEEN 650,000 AND 750,000 M/T, BUT NO OFFICIAL STWTE ESTIMATE HAS BEEN ISSUED.#C) MATO GROSSO - AT LEAST 43 PMILLION COFFEE TREES FROST BURNED AND A 70 PERCENT REDUCTION IN COFFEE PRODUCTION AND 20 PERCENT IN SUGAR CANE. THE FEDERAL GOVERNMENT SUSPENDED FURTHER REGISTRATIONS OF SOLUBLE COFFEE JULY 21, PARALLELING PREVIOUS ACTION ON GREEN COFFEE JULY 18.FEDERAL GOVERNMENT MINISTRIES HAVE ANNOUNCED THAT THERE WILL BE NO MORATORIUM OF FARM DEBT IN FROST HIT AREAS, BUT RATHER A RESCHEDULING OF DEBT AS NECESSARY. END SUMMARY.

2. SAO PAULO STATE:THE STATE GOVERNMENT ISSUED ITS FIRST OFFICIAL

ESTIMATE OF CROP DAMAGES THROUGHOUT THE STATE ON JULY 21.

IT NOTED THAT THE 1975 CROP YEAR HAD NOT BEEN ANTICIPATED TO BE ONE OF THE MOST AUSPICIOUS, EVEN BEFORE THE FROST. THERE HAD BEEN A REDUCTION IN THE ESTIMATED VALUE AND VOLUME OF THE 26 AGRICULTURAL PRODUCTS WHICH MAKE UP 90 PERCENT OF THE STATE'S AGRICULTURAL PRODUCTION. THE VALUE HAD BEEN ESTIMATED AT CR\$22.3 BILLION (CR\$8.08 EQUAL \$1) FOR THE 1974/75 CROP YEAR. THE INTENSE COLD ADVERSELY AFFECTED: COFFEE, SUGAR CANE, PASTURES, TOMATOES, WHEAT, BANANAS, AND TRUCK FARMS IN GENERAL. THE FIRST ROUGH ESTIMATES INDICATED A CROP LOSS VALUED AT CR\$ 2 BILLION FOR 1975 OR APPROXIMATELY 9 PERCENT OF TOTAL PRODUCTION. FOR 1976, REDUCTION IN COFFEE PRODUCTION OF 60 TO 70 PERCENT AND 5# TO 10 PERCENT IN SUGAR CANE WAS ANTICIPATED. THE OFFICIAL NOTE ALSO PREDICTED A SUBSTANTIAL BUT UNQUANTIFIED REDUCTION IN MILK AVAILABILITY DURING THE BETWEEN SEASON "ENTRESAFRA" PERIOD NOW BEGINNING, AS A RESULT OF THE CUMULATIVE IMPACT OF DROUGHT AND THEN FROST. NEWS STORIES PUBLISHED IN "O ESTADO" FROM CORRESPONDENTS IN THE AREAS MOST HARD HIT ARE MORE PESSIMISTIC, BUT ALL OBSERVERS AGREE THAT IT IS TOO EARLY FOR FINAL, COMPREHENSIVE ESTIMATES.

3. PARANA: GOVERNOR CANET ANNOUNCED OFFICIALLY JULY 21 THAT THE FIRST TECHNICAL EVALUATIONS INDICATED THAT NO COFFEE WOULD BE HARVESTED IN THE 76/77 CROP YEAR, ABOUT ONE QUARTER TO ONE THIRD OF THE NORMAL CROP WOULD BE HARVESTED IN 77/78, AND THAT PRODUCTION WOULD BE BACK TO NORMAL IN 78/79. MEANWHILE, IBC PRESIDENT CALAZANS LEFT PARANA STATING THAT THE 76/77 COFFEE CROP "WOULD NOT REACH 4 MILLION BAGS." IN BRASILIA, MINISTER OF AGRICULTURE PAULINELLI SPOKE OF A 30 PERCENT REDUCTION IN PARANA'S WHEAT PRODUCTION.

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TION, WHILE STATE SOURCES PREFERRED TO AWAIT THE DETAILED EVALUATION OF WHEAT LOSSES TO BE MADE JULY 22 DURING THE AGRICULTURE MINISTER'S VISIT TO THE STATE. PUBLISHED REPORTS FROM MAJOR WHEAT GROWING AREAS REPORTED LARGER PERCENTAGE LOSSES, BUT ALL OBSERVERS AGREED THAT WHEAT LOSSES VARIED WIDELY, DEPENDING UPON THE STATE OF MATURITY OF THE CROP. TWO LARGE AMERICAN AGRIBUSINESSES ARE CURRENTLY ESTIMATING THE LOSSES AT ABOUT 650,000 TO 750,000 TONS IN PARANA STATE. SUGAR PRODUCTION IN PARANA WAS ALSO ADVERSELY AFFECTED, BUT NO OVERALL ESTIMATE IS AT HAND. "O ESTADO" PUBLISHED AN ESTPMATE FROM ONE INFORMED FARMER THAT CASTOR BEAN LOSSES IN PARANA WERE 30,000 METRIC TONS VALUED AT CR\$40.5 MILLION, BUT THERE ARE NO OFFICIAL ESTIMATES. GOVERNOR CANET SAID PASTURE DAMAGE IS INTENSE; HE PREDICTED EXTENSIVE CATTLE SLAUGHTERING AS THERE WAS NOTHING TO FEED CATTLE UNTIL PASTURES RECUPERATED IN 90 TO 120 DAYS. THE HEAD OF THE LONDRINA REGIONAL ASSISTANCE SERVICE TO COFFEE GROWERS ANNOUNCED THAT ALL COMMERCIAL HOT HOUSES AND COFFEE TREE NURSERIES IN THE STATE HAD LOST ALL OF THEIR YOUNG PLANTS.

4. MATO GROSSO: MINISTER PAULINELLI EXPRESSED HIS CONCERN IN BRASILIA JULY 21 ABOUT WHEAT IN SOUTHERN MATO GROSSO AND HEADED DIRECTLY THERE BY PLANE, ARRIVING IN THE EARLY AFTERNOON. HE WAS

GREETED BY THE HEAD OF THE MATO GROSSO COFFEE GROWERS' ASSOCIATION WHO HANDED HIM A REPORT STATING THAT 50 MILLION COFFEE TREES IN SOUTHERN MATO GROSSO, VIRTUALLY THE ENTIRE INVENTORY, HAD BEEN DESTROYED. PAULINELLI THEN FLEW OVER VARIOUS AREAS, NOTING THE DAMAGE TO COFFEE AND WHEAT. THE STATE SECRETARY OF AGRICULTURE ANNOUNCED THAT ONLY 43 MILLION OF THE 50 MILLION COFFEE TREES IN THE STATE HAD BEEN FROST BURNED, WHILE THE STATE SECRETARY OF PLANNING SAID THAT THERE WOULD BE A 70 PERCENT REDUCTION IN WHEAT PRODUCTION. OPINIONS ABOUT PARTURE DAMAGE WERE DIVIDED AND STATE AUTHORITIES SAID IT WAS TOO EARLY TO ISSUE AN OFFICIAL ESTIMATE.

5. MINAS GERAIS: THE STATE SECRETARY OF AGRICULTURE ANNOUNCED A 30 PERCENT REDUCTION IN COFFEE PRODUCTION AND A 20 PERCENT REDUCTION IN SUGAR CANE.

6. GOVERNMENT MEASURES: MINISTER OF AGRICULTURE PAULINELLI AND MINISTRY OF FINANCE SOURCES IN BRASILIA DENIED EARLIER STATEMENTS ATTRIBUTED TO MINISTER OF COMMERCE AND INDUSTRY SEVERO GOMES THAT THE FEDERAL GOVERNMENT WOULD INSTITUTE A MORATORIUM ON FARMERS' UNCLASSIFIED

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DEBTS IN PARANA AND OTHER HARD HIT AREAS. THERE WOULD BE A RESCHEDULING OF DEBTS ONLY. ON JULY 21, THE GOVERNMENT SUSPENDED THE REGISTRATION OF ALL EXPORTS OF SOLUBLE COFFEE, PARALLELING THE ACTION PREVIOUSLY TAKEN ON JULY 18 WITH REGARD TO GREEN COFFEE. GOVERNMENT MINISTERS ARE CONTINUING TO TRAVEL THROUGH THE STATE HIT BY FROST ATTEMPTING TO RAISE MORALE AND TO ASSURE FARMERS THAT THE FEDERAL GOVERNMENT WOULD TAKE THE FINANCIAL AND OTHER MEASURES NECESSARY TO RESTORE PRODUCTION AND INCOME, ONCE THE FULL EXTENT OF THE DAMAGE HAD BEEN ASSESSED. CHAPIN

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DAR ES SALAAM
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